Saskatchewan Water Corporation
Annual Report 1986

87-04513/

PROFILE

Sask Water is a provincial Crown corporation responsible for managing Saskatchewan's valuable water resources. It was formed in July, 1984.

The Water Corporation Act gives the corporation its specific powers and purposes to manage, administer, develop, control and protect the water and related land resources of Saskatchewan.

The corporation's head office is located in Moose Jaw, Saskatchewan in Victoria Place, 111 Fairford Street East, S6H 7X9, general inquiry number (306) 694-3900. The head office consists of four main divisions: Finance and Administration, Resource Management, Operations, and Special Projects.

In addition to head office, the corporation maintains six regional offices, one subregional office and two branch offices.

Northwest Region
402 Royal Bank Tower
1101 - 101st Street
North Battleford, Saskatchewan
S9A 0Z5
(306) 446-7450

West Central Region
P.O. Box 1398
Outlook, Saskatchewan
S0L 2N0
(306) 867-9931

Southwest Region
350 Cheadle Street West
Swift Current, Saskatchewan
S9H 4G3
(306) 778-3261

Northeast Region
P.O. Box 2133
Nipawin, Saskatchewan
S0E 1E0
(306) 862-1750

East Central Region
Victoria Place
111 Fairford Street East
Moose Jaw, Saskatchewan
S6H 7X9
(306) 694-3892

East Central Subregional Office
Box 2980
Melville, Saskatchewan
S0A 2P0
(306) 728-4516

Southeast Region
Weyburn Square
110 Souris Avenue
Weyburn, Saskatchewan
S4H 2Z9
(306) 842-1212

Northern Operations Branch
McIntosh Mall
P.O. Box 3003
Prince Albert, Saskatchewan
S6V 6G1
(306) 953-2250

Water Supply Utility Branch
P.O. Box 310
Watrous, Saskatchewan
S0K 4T0
(306) 946-3321

The corporation's president is Mr. Vern Fowke, F.C.A., and its senior vice-president is Mr. D.L. MacLeod, P. Eng.. The chairman of the board of directors is the Honourable H.J. Swan, minister responsible, and the vice-chairman is the Honourable N. Hardy.

Additional information about the corporation can be obtained by contacting Finance and Administration, Public Affairs, 111 Fairford Street East, Moose Jaw, Saskatchewan, S6H 7X9, (306) 694-3907.

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LETTER OF TRANSMITTAL

Regina, Saskatchewan
March 31, 1987

To His Honour,
The Honourable Frederick W. Johnson
Lieutenant Governor of the Province of Saskatchewan

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Water Corporation for the year ended December 31, 1986, including financial statements therefore, duly certified by the Provincial Auditor and in a form approved by the Treasury Board, all in accordance with **The Water Corporation Act.**

Respectfully submitted,

H.J. Swan
Minister Responsible for
Saskatchewan Water Corporation

MINISTER'S REMARKS

It is a pleasure to provide introductory remarks for this the third annual report of the Saskatchewan Water Corporation.

Following the provincial election of 1986, I was honoured to be appointed by Premier Grant Devine to the provincial cabinet as Minister of the Environment with the additional responsibilities of chairman, board of directors, and minister responsible for the Saskatchewan Water Corporation.

Key to the water management process in Saskatchewan are Sask Water's six regional offices, each with their own regional advisory board. An important role for these boards is to help the corporation be aware of and respond to local and regional needs. We appreciate their help and advice.

In 1986 additions were made to these boards to add to the expertise available and to increase geographical representation. Appointments were made for Mr. Jon Gillies of Saskatoon to the West Central Regional Advisory Board, and Ms. Peggy Sanderson of Maple Creek to the Southwest Regional Advisory Board.

Changes also occurred to the board of directors. Ms. Cecilia Mulhern of Meyronne, previously a member of the Southwest Regional Advisory Board, and Ms. Charleen Currie of Prince Albert were appointed to the board. They both have extensive experience in agricultural and community planning initiatives involving individuals and all levels of government. In 1986 there was also one deletion from the board of directors, that of Mr. Hartley Furtan, Ph.D.. Mr. Furtan's expertise in resource economics made him a valuable member of the board of directors since his appointment in 1984. We regret that other personal commitments made it impossible for him to continue serving.

Sask Water's board of directors approved two significant policy changes in 1986. The first involved the approval of new enhanced levels of financial assistance for individual and group irrigation projects. The second was for the Water Control Assistance Policy which was amended to include works for stabilizing lake levels.

These changes reflect our commitment to develop new policies and redefine existing policies in order to best manage and use Saskatchewan's water resources.

One order-in-council was issued under **The Water Power Act**. This order-in-council granted a final water power licence to the Saskatchewan Power Corporation for the Squaw Rapids hydro-project under **The Squaw Rapids Water Power Licence Regulations.**

In 1986 the corporation completed a new regional water supply system to serve the communities of Tuxford and Marquis near Moose Jaw. This expansion of the utility operation is encouraging for the development of other regional supply systems.

Significant progress occurred in discussions with the federal government on irrigation development. My colleague, the Hon. Eric Bernston, Deputy Premier, was minister responsible for the corporation when the Canada-Saskatchewan Subsidiary Agreement On Irrigation Based Economic Development was negotiated and implemented. Premier Grant Devine, also Saskatchewan's minister of agriculture, Mr. Berntson and federal agriculture minister, the Hon. John Wise, played a key role in bringing about this significant Agreement for our province. The irrigation agreement is an excellent example of their contributions aimed at strengthening our economy through water resource development.

Another federal-provincial agreement signed in 1986 was the South Saskatchewan River Basin Study Agreement. This is a three year agreement to develop a comprehensive water management plan for one of Saskatchewan's key river basins which includes our province's most important water storage reservoir, Lake Diefenbaker.

International negotiations occurred on water resource development projects to benefit both Saskatchewan and North Dakota. These negotiations involved the proposed Rafferty and Alameda reservoirs in southeast Saskatchewan, near Estevan.

Through Sask Water we plan to continue with a balanced and conscientious approach to water resource management as we attempt to best meet the varying water management needs and expectations in our province.

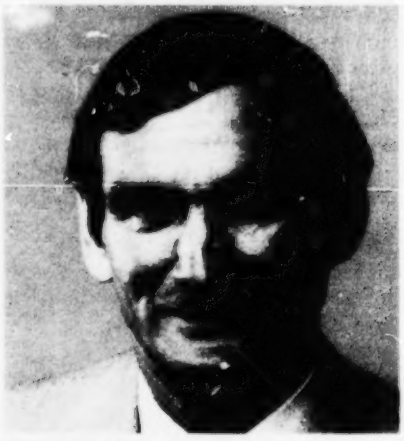
On behalf of the Government of Saskatchewan and the corporation's board of directors, I extend our thanks to the senior management and employees of Sask Water for their enthusiasm and dedication in helping us meet our water management goals.

H. J. Swan
Minister Responsible
Chairman, Board of Directors

BOARD OF DIRECTORS

Mr. Doug Cole, General Manager, Wakamow Valley Authority, Moose Jaw

Ms. Charleen Currie, community and environmental planner and consultant, Prince Albert



Hon. Neal Hardy, Vice-Chairman, Minister of Rural Development, M.L.A. for Kelsey-Tisdale

Ms. Cecilia Mulhern, farm operator and homemaker, Meyronne

Mr. Don Olah, farmer and Reeve of the Rural Municipality of Weyburn #67, Weyburn

Hon. H.J. Swan, Chairman, Minister of the Environment, M.L.A. for Rosetown-Elrose

Also serving on the board of directors in 1986 was Mr. W.H. Furtan, Ph.D., Head of the Department of Agricultural Economics, University of Saskatchewan, Saskatoon.

Officers

V.C. (Vern) Fowke, B. Comm., F.C.A., President; D.L. (Dave) MacLeod, P. Eng., Senior Vice-President, Resource Management; A.M. (Al) Veroba, P. Eng., Vice-President, Operations; R.W. (Wayne) Phillips, Vice-President, Finance and Administration; C.B. (Clifford) Wheatley, LL.B., B. Eng., Corporate Secretary.

Also serving as officers in 1986 were Jerry F. Danyluk, Vice-President, Watershed Management and Raymond S. Pentland, P. Eng., Vice-President, Water Supply and Utility Management.

PRESIDENT'S MESSAGE

Saskatchewan's diverse water management and development requirements create a dynamic role for Sask Water in managing, administering, developing, controlling and protecting the valuable water and land resources of our province.

Our corporate mandate was finalized early in 1986 and the goals and objectives stated therein help determine the nature of our corporate programs and administrative structures related to program delivery.

Most broadly stated, the corporation's goal is to manage and develop the provincial water resource for the optimum economic and social benefit of the people of Saskatchewan. To help translate this broad goal into specific programs and activities for all aspects of the corporation, separate goals were developed, each with their own set of objectives.

Specifically, these goals are:

1. To establish administrative systems that maximize the internal efficiency of the corporation.
2. To ensure that the public has access to information and participates effectively in the decision making processes.
3. To ensure that all sectors of society share the costs of water development and management in an appropriate and equitable manner.
4. To plan and regulate the development and use of the water resource to ensure that short and long-term economic and social benefits are maximized.
5. To represent the province and its interests in the interjurisdictional management of the water resource.
6. To advise the government on legislative, regulatory, administrative, and financial aspects of water resource management.
7. To manage, on behalf of the province, those public investments and subsidies, for water infrastructure which are considered necessary to obtain economic and social goals which do not permit commercial exploitation of the resource.
8. To construct, purchase and operate water works to meet the water servicing needs of individuals, local governments, industries, agricultural, wildlife and fisheries, recreation and other water-related services upon request.

A brief overview of some initiatives in 1986 illustrates how these goals were translated into action.

Corporate Structure

Since Sask Water is still a relatively new provincial Crown corporation, a need was identified to realign some administrative and program delivery functions to better reflect the operating mandate of the corporation.

Corporate Affairs was renamed "Finance and Administration" and its responsibilities expanded to include grant administration for the Municipal Water Assistance Program and systems service, our corporation's computer services division.

The Watershed Management Division was renamed the "Operations Division" and its responsibilities expanded to include the Water Supply Utility Branch,

Northern Operations Branch and Lands and Right-of-Way. This name better reflects that it is the operating arm of the corporation responsible for all program and water supply functions.

Specialized engineering services relating to urban sewer and water were centralized to report through the engineering branch in Resource Management. This change was made to improve services relating to water and sewer developments for the whole province.

The position of General Counsel was added to the senior management group in recognition of the complex and often time consuming negotiations related to new water management initiatives and the resolution of long-standing water management issues.

As well, because of new federal and provincial initiatives respecting irrigation development, a new division was added to the corporate structure, Special Projects. Reporting through a vice-president, this division is mainly responsible for coordinating the development of group irrigation projects under the Canada-Saskatchewan Subsidiary

Agreement On Irrigation Based Economic Development.

In all cases, changes were made to strengthen administrative support available to our regional and branch offices and to improve the types and level of services available at the regional or local level.

Several highlights during 1986 included:

- Development of a five year, $100 million Canada-Saskatchewan Subsidiary Agreement On Irrigation Based Economic Development. The Agreement focuses on the development of farmer driven group irrigation projects and related economic development opportunities. New group irrigation development will mainly occur near Lake Diefenbaker in west central Saskatchewan.
- Excellent progress on the Qu'Appelle River Conveyance Program. This Canada/Saskatchewan initiative for channel improvements has significantly improved our ability to manage and control the water resources within the Qu'Appelle River Basin.
- Close involvement with the Souris Basin Development Authority in planning for the proposed multi-purpose Rafferty and Alameda reservoirs in southeast Saskatchewan.

General

With the cooperation and input received from our employees, we have been able to implement innovative and challenging corporate management structures, including a joint management council with our employees' association. During 1986 a 27 month agreement was negotiated and signed with the Sask Water Employees' Association.

Late in 1986, Sask Water's chairman of the board and minister responsible, Deputy Premier, Eric Berntson was assigned new responsibilities within the Government of Saskatchewan and we were pleased to welcome the Honourable H.J. Swan, Minister of the Environment, to the corporation. Mr. Berntson's extensive legislative and inter-governmental experience were of great value to the corporation in these its formative stages. I know I speak for many in acknowledging his contributions in shaping our corporate identity and the course of water management in Saskatchewan.

Water is our most valuable resource. We look forward to developing projects and plans dealing with it from that perspective.

V. C. Fowke

V. C. Fowke, F.C.A.
President

Qu'Appelle River Channel Improvements

WATERSHED ADVISORY BOARDS

(as of December 31, 1986)

Northeast Region

Mr. Earl Breadner
(Chairman)
Codette

Mr. Jack Ukrainetz
Hudson Bay

Mr. Joe Zagrodney
Wadena

Mr. Dale Northcott
Melfort

Mr. Bohdon (Buck) Borsa
Carrot River

Northwest Region

Mr. A.J. (Ab) Bridges
(Chairman)
North Battleford

Mr. Denis Hinz
Prince Albert

Mr. George McKone
Lashburn

Mr. William Larsen
Borden

Mr. Ian Lauder
Shellbrook

Mr. Leonard Trask
Paradise Hill

East Central Region

Mr. Ben Kuzmicz
(Chairman)
Candiac

Mr. Arnold Schreffler
Liberty

Mr. E.S. (Ted) Batters
Lumsden

Mr. J.D. (Des) Peeke
Semans

Mr. John Bahniuk
Canora

West Central Region

Mr. Jack Piercy
(Chairman)
Rosetown

Mr. Doug Ector
Elbow

Mr. Slavie Hewko
Cactus Lake

Mr. Murray Oram
Central Butte

Mr. Jon Gillies
Saskatoon

Southeast Region

Mr. Ed Kennett
(Chairman)
Parkman

Mr. Tom Quigley
Yellow Grass

Mr. Jack Muirhead
Estevan

Mr. Lorne Kramer
Midale

Mr. John Moffat
Moosomin

Southwest Region

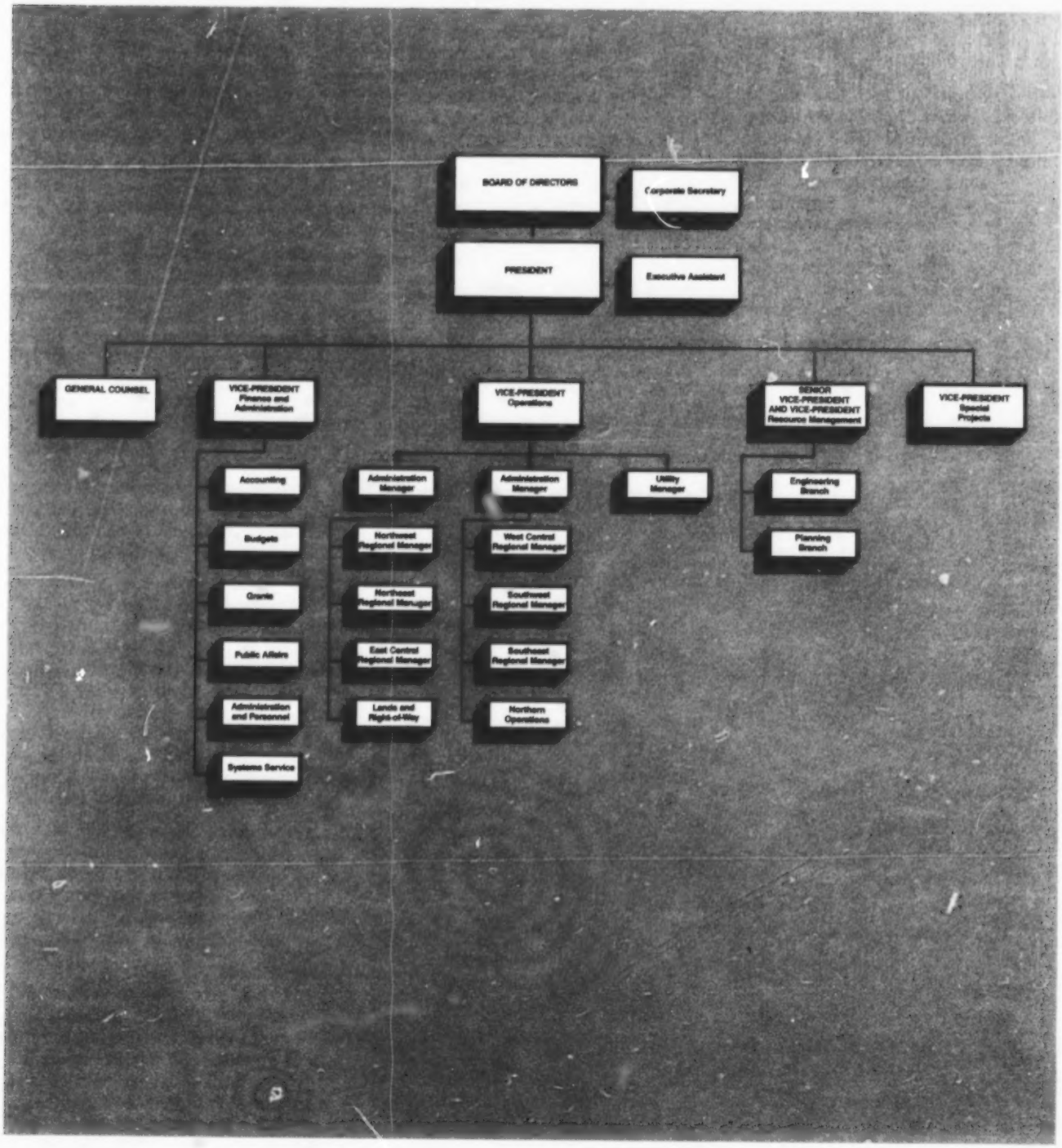
Mr. Derald Busse
(Chairman)
Swift Current

Mr. Don Pearson
Eastend

Mr. Mark Kilcher
Swift Current

Ms. Peggy Sanderson
Maple Creek

ORGANIZATIONAL CHART



PROVINCIAL STRUCTURE

Special Projects

The Special Projects Division is involved with the implementation of irrigation projects under the terms of a Canada - Saskatchewan irrigation development agreement signed in 1986.

Irrigation has long been recognized as a way to stabilize the agricultural economy and to provide a source of economic development and growth in the rural areas. In 1984 Premier Devine established a course of action whereby 500,000 acres would be under irrigation in Saskatchewan by the year 2000. At the present time about 300,000 acres are irrigated in the province. The main source of good quality water in west central Saskatchewan is Lake Diefenbaker and this area became the focus of studies to determine the potential irrigable areas and the impact irrigation would have on the area around Lake Diefenbaker.

In 1985 the Saskatchewan Irrigation Project Appraisal Study was undertaken with joint sponsorship by Sask Water and Agriculture Canada. This study identified about 160,000 acres around Lake Diefenbaker which could be economically developed for irrigation. It also identified the benefits which would result from intensive irrigation development.

In July of 1986, a Memorandum of Understanding was signed with Agriculture Canada. Officials of Sask Water and Agriculture began negotiations on an agreement for cost sharing of major irrigation works.

On October 17, 1986, the Canada - Saskatchewan Subsidiary Agreement On Irrigation Based Economic Development was signed. This five-year $100 million cost-sharing agreement will enable Saskatchewan and Canada to undertake development of major irrigation projects around Lake Diefenbaker; assist farmers as they start in irrigation with research and demonstration works, and ensure that markets are available and processing in place to maximize the value of the irrigation systems.

The first project to proceed under the irrigation agreement is the Luck Lake Irrigation Project which will provide a water supply system to irrigate a potential of 18,000 acres near Birsay, Saskatchewan.

Finance and Administration

The Finance and Administration Division provides key support functions for the other divisions and branches of the corporation in the areas of accounting, budgets, grants, public affairs, systems service, administration and personnel. Some of its most important activities are to provide centralized accounting, budget monitoring, grant approvals and payments, and information processing expertise.

Premier Devine Announces Irrigation Initiatives Moose Jaw, July 1986

Resource Management

The Resource Management Division is responsible for the overall management of the province's water resources, provision of support services to the regional offices and participates in the management of interjurisdictional water matters through two branches. The engineering branch provides specialized design services, contract administration, stream flow monitoring, flow forecasting, hydrological investigations, advisory service to local government organizations and maintains water use records. The planning branch is responsible for basin planning, flood plain management and economic analyses.

Resource Management is responsible for implementing the federal/provincial agreements for Qu'Appelle Conveyance, Flood Damage Reduction and the Hydrometric Agreement through representatives on the management committees established for each federal/provincial agreement.

Resource Management represents the corporation on many boards and committees including the Prairie Provinces Water Board, Canada-Saskatchewan Consultative Committee, International Souris River Board of Control, Mackenzie River Basin Committee, Peace-Athabasca Delta Implementation Committee, South Saskatchewan Reservoir Board and the Qu'Appelle Operation Board.

Some of the major activities during 1986 included:

- Work was initiated on the preparation of a framework plan to guide the future management of the water and related land resources of the South Saskatchewan River Basin. A study office was established and a study director and staff employed to co-ordinate the various studies under the $1.6 million, three-year federal-provincial agreement signed on May 16, 1986.
- Work continued on the corporation's long-range plan to prepare a framework for each of the river basins over a ten-year period. A study plan was prepared and available information compiled in preparation for future planning of the Assiniboine and Old Wives Lake Basins.
- A number of studies were undertaken to resolve short-term water management problems for several smaller basins and lakes.
- Mapping and studies continued in 1986 to identify the flood risk areas in those communities that experience serious flooding.
- Detailed engineering plans were prepared for construction of major control structures on Wakaw Lake and Good Spirit Lake and canal lining to control seepage along the west side main canal on the South Saskatchewan irrigation project.
- Water supply forecasting and operation planning of Lake Diefenbaker, together with normal maintenance of the Gardiner Dam, was a continuing responsibility of Resource Management. After two years of drought the level of Lake Diefenbaker was restored to full supply level providing maximum benefits to all users.
- Timely forecasting of expected flows and levels along the North Saskatchewan River reduced the potential for flood damages in Saskatchewan following a heavy July rainstorm in Alberta. Emergency measures organizations and local government officials were instrumental in helping us successfully deal with this natural event.
- Reservoir operation plans were prepared for the proposed Rafferty and Alameda Reservoirs and staff assisted the Souris Basin Development Authority in negotiations with the State of North Dakota. Work was initiated on the preparation of plans for channel improvement of the Souris River downstream of the Rafferty Dam through the Estevan area.
- Resource Management continued to provide centralized support services to the corporate office and regional offices in the area of hydrology, local government administration, contract administration, consulting services and technical advice on special problems.
- Evaluation of potential reservoir sites for irrigation.

Operations Division

Operations Division co-ordinates the activities of six regional offices located in Weyburn, Swift Current, Moose Jaw (with a subregional office in Melville), Outlook, Nipawin and North Battleford. A watershed advisory board is appointed for each region and is made up of local people with a knowledge and appreciation of regional watershed management concerns. These boards provide a means for public input to decision making and serve as an ongoing liaison with the general public.

Through its regional offices, the division provides engineering, technical and administrative assistance to individuals and client groups and administers financial assistance programs related to water management projects sponsored by local governments, interest groups and individuals.

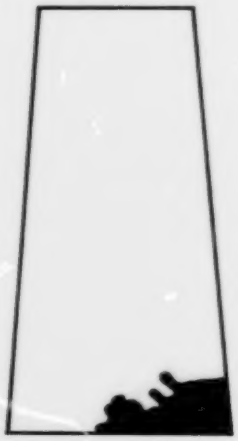
Operations Division is also responsible for lands and right-of-way required for the corporation's programs, Northern Operations Branch located in Prince Albert and the Water Supply Utility Branch located in Watrous.

Two new programs were introduced in 1986 and one existing program was expanded. The first new program introduced was the Irrigation Water Supply Development Assistance Program. It provides engineering and financial assistance to individuals and organized groups for the development of water supply works and distribution systems for intensive irrigation projects.

The second new program is the Major Channel Improvement Program to be phased in over a ten year period in reaches which have been severely damaged by erosion and sedimentation.

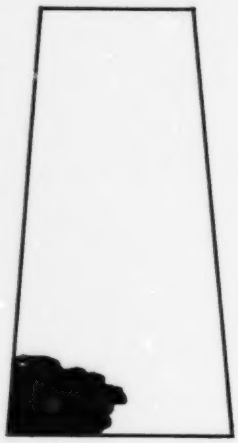
The Water Control Assistance Program was expanded in 1986 to include engineering and financial assistance for works required to stabilize lake levels.

The following summarizes some key activities for each region in 1986.



Southeast Region (Weyburn)

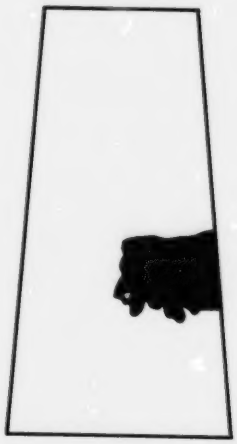
- Construction plans and designs were finalized for the Weyburn Flood Protection Project, to be constructed by the City of Weyburn and Sask Water. Land purchases and some dyking and channel improvements were undertaken in 1986 with most of the works to be undertaken in 1987.
- Activity was high in the Farm Dugout Pumping Program and the Dugout and Small Storage Reservoir Assistance Program. A significant number of the backlog of drainage complaints was dealt with in 1986.



Southwest Region (Swift Current)

- The region experienced a year of above normal precipitation resulting in sufficient water supplies to meet most water demands for irrigation and domestic uses. As a result, activity was less than normal in programs related to water shortages, including farm dugout pumping, dugout and small storage reservoir development, and development of wells for domestic water supplies.
- Work was completed on the reconstruction of the Coderre Weir on the Wood River and construction of a pumpsite and inlet channel on the Cypress Lake Pumping Project. Designs and specifications were completed for reconstruction of two weirs near the Village of Vanguard. The project will provide water for 800 acres of irrigation, individual domestic uses and for the Village of Vanguard.

CORPORATE REVIEW



East Central Region (Moose Jaw, Melville)

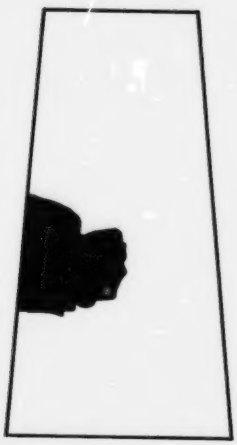
- The below normal runoff and early melt resulted in an early and high activity in programs related to dugout pumping and construction of dugouts and small storage reservoirs for domestic purposes.
- There was an above normal activity in providing technical assistance to urban communities relating to water and sewer. Also, there was a high activity in providing services related to drainage complaints and hydrology, including detailed water supply studies, peak flood studies, flood impact studies and subdivision reviews.
- Construction was begun on five new projects and continued or completed on three projects under the Water Control Assistance Program. Maintenance work was approved for 29 projects.
- Four major contracts were awarded for conveyance improvements along the Qu'Appelle River under the five-year $4.75 million agreement between Sask Water and Environment Canada.

West Central Region (Outlook)

- Engineering services were provided for 37 individual irrigation projects. Nineteen individuals completed irrigation development for 2,358 acres.
- An automated irrigation system with 1.8 miles of buried pipeline was installed to supply water for the Saskatchewan Irrigation Development Centre near Outlook.
- Approximately one mile of the South Saskatchewan River West Side main canal was lined using concrete paving stones to protect the liner.
- Studies undertaken during the year have identified the need to expand and rehabilitate works which supply water to the East Side, South Saskatchewan River Irrigation area near Outlook. The first improvement proposed is the installation of a fourth pump located at Gardiner Dam.

Northeast Region (Nipawin)

- Unusually dry conditions in late summer and fall resulted in a heavy demand for dugout pumping equipment and assistance for the development of wells and dugouts and small storage reservoirs. The dry conditions and late fall did, however, provide excellent construction conditions. This resulted in construction and renovations to 31 flood control projects.
- Work was completed on the Salkeld Lake Flood Control Project near Kelvington. This multi-purpose project, sponsored by the Kelvington Conservation and Development Area Authority and developed in close cooperation with Ducks Unlimited, provides flood protection to municipal roads and 12,000 acres of agricultural lands and enhancement of wildlife habitat.



Northwest Region (North Battleford)

- Activity was high in the region with programs related to irrigation and development of domestic water supplies.
- Pre-feasibility work was undertaken for two proposed group irrigation projects. Work was begun on the Northminster Effluent Irrigation Project near Lloydminster. The project, to be shared 50/50 between Sask Water and the federal government, will utilize effluent from the City of Lloydminster. Construction of the reservoir embankment and supply pipelines will continue in 1987.
- Construction started on a flood protection project for the Town of Spiritwood under the Flood Control Assistance Program for Urban Centres. The project is scheduled for completion in 1987.
- Considerable regional staff time was spent on hydrometric monitoring, including monitoring lake levels and carrying out stream flow measurements.

Northern Operations (Prince Albert)

- Water treatment facilities were upgraded in the northern communities of Turnor Lake and Buffalo Narrows and water supply improvements were begun for the Northern Village of Cumberland House. New water and sewage systems were completed in Pelican Narrows and Denare Beach. Construction for a new water and sewage system was begun in the Northern Hamlet of Stanley Mission.
- Northern Operations Branch continued to provide a program of operation and maintenance training for operators of sewer and water facilities in northern communities.

Lands and Right-of-Way

- Acquisition of various land interests was obtained on 60 projects, including the preparation of 850 property acquisition documents for Sask Water and local sponsoring authorities.
- Twelve consulting agreements were contracted to Saskatchewan land survey firms for legal surveys of rights-of-way on 18 projects.

Operations Division Assistance Programs

The following table provides information on the level of activity in 1986 under the division's major assistance programs.

Assistance Program	Assistance Provided	Number of Recipients	Amount of Assistance (Thousands of dollars)	Eligible Recipients
Drought				
Well Test Drilling	Technical, financial	568	$ 492	Individual, farmer or rancher
Deep Well	Technical, financial	129	138	Individual, farmer or rancher
Community Well	Technical, financial	25	111	Rural Municipalities
Dugout and Small Storage Reservoir	Technical, financial	275	125	Individual, farmer or rancher
Farm Dugout Pumping	Pumping equipment	518	Cost Recovery Program	Individual, farmer, rancher, small community
Irrigation				
Water Monitoring	Technical, financial	220	198	Individual irrigators in sensitive basins and group irrigation organizations
Individual Irrigation	Engineering, financial	280	863	Farmer, rancher
Group Irrigation:				
• Investigation, Development & Maintenance	Engineering, administration, financial	17	3,694	Group irrigation organizations
• Grants to South Saskatchewan River Irrigation Board	Financial	1	80	South Sask. River Irrigation Board
Flood Control & Drainage				
Erosion Control	Engineering, financial	78	50	Farmers, ranchers, organized groups
Channel Clearing	Engineering, financial	34	95	Rural municipalities, organized groups
Urban Flood Control	Engineering, financial	11	583	Urban municipalities
Rural Water Control:				
• Construction	Engineering, administration, financial	121	2,989	Organized groups
• Maintenance	Engineering, financial	135	422	Organized groups
Urban Sewer and Water	Engineering, technical	91	Cost Recovery	Small communities
Qu'Appelle Implementation				
• Construction	Engineering, financial	N/A	967	Federal/Provincial
• Operation & Maintenance		N/A	41	
Municipal Water & Sewage				
Northern New Facilities	Technical, financial	4	1,265	Northern municipalities
Northern Water Assistance	Technical, financial	3	948	Northern municipalities
Operator Training	Training	25	126	Northern municipalities & Indian reserves
Municipal Water Assistance	Financial, Technical, Engineering	229	4,859	Towns, villages and hamlets
Northern Project Operations and Maintenance	Operation and maintenance	7	160	Northern municipalities
Water Pollution Control	Financial	3	182	Cities
		TOTAL ASSISTANCE PROVIDED	**$18,388**	

Operations Division Regulatory Programs

The following table provides information on the level of activity in 1986 under the division's major regulatory functions. The costs associated with these programs are accumulated with operations expenses.

Regulatory Program	Services Provided	Number of Clients	Client
Approvals Issued			
Surface Water Projects	Technical, administration		All owners of works
• To construct		209	
• To operate		306	
• Temporary permits		19	
Groundwater Projects	Technical, administration		All owners of works
• To construct		41	
• To operate		80	
• Investigation permits		57	
Drainage Projects	Technical, administration		All owners of works
• To construct		41	
• To operate		19	
Municipal Water & Sewer	Technical, administration		Urban centers
• To construct		334	
• To operate		249	
Complaints			
Formal:	Engineering investigations		Any persons affected
• Received		42	
• Investigated		125	
Informal:	Informal investigations		Any persons affected
• Received		294	
• Investigated		276	

CORPORATE REVIEW

The Utility

The Water Supply Utility Branch operates multi-purpose water supply projects owned by the corporation. The works serve municipal, agricultural, industrial, recreational and wildlife conservation requirements.

The works are organized into four distinct systems. The largest of these is the Saskatoon-Southeast Water Supply System, a network of reservoirs, canals and pipelines constructed to distribute water from Lake Diefenbaker. The Saskatoon Treated Water Supply System, which uses the City of Saskatoon's treated water system as a source of supply, distributes treated water via pipeline to domestic, municipal and industrial users in the surrounding region. In the same manner, the Saskatoon West Water Supply System, using the South Saskatchewan River as a source, supplies untreated water to various domestic, municipal and industrial users in the Saskatoon area. A fourth system, the Buffalo Pound West Treated Water Supply System became operational during 1986. This system utilizes the Buffalo Pound Water Treatment Plant as a source of supply and will distribute water by pipeline to domestic, municipal and industrial users. In total the Utility's four systems consist of 85 miles of canal, five reservoirs and 165 miles of pipeline.

The Utility's office is located in Watrous with staff also being located at Blackstrap and Saskatoon.

Pipeline Water Supply

The Water Supply Utility's pipeline water market is dominated by the industrial component which consists mainly of potash and chemical producers. The municipal component serves 16 urban communities and one rural with a combined population in the order of 13,000 persons.

The total volume of water supplied to pipeline customers increased during the year by 44.5 million gallons or 3.2 per cent from 1378.5 million gallons in 1985 to 1423.0 million gallons in 1986. The volume diverted continues to reflect the slowdown in the potash industry.

Pipeline Customers

System	Industrial	Municipal	Other*
Saskatoon-Southeast	PCS-Allan Division PCS-Lanigan Division Central Canada Potash	Shields Hanley Thode Guernsey Lanigan Viscount	26
Saskatoon West	Cominco PCS-Cory Division Saskatoon Golf & Country Club Petrill Golf Cedar Villa Estates	Vanscoy	82
Saskatoon Treated	PCS-Cory Division United Chemicals Johanna Mitchell Holdings Ltd. Royal View Cattle Ltd. Armak Chemicals Saskatoon Chemicals	Allan Blucher, R.M. Bradwell Clavet Martensville Warman Osler Dalmeny	53
Buffalo Pound	Simplot Chemical Company	Marquis Tuxford	19

*Other includes farm holdings and domestic installations.

Surface Water Supply

The Water Supply Utility's surface water customers are the Department of Agriculture and the Department of Parks and Renewable Resources. The total volume of surface water supplied by the Utility from canals and reservoirs comprising the Saskatoon-Southeast Water Supply System amounted to 32,829 acre-feet which is a small increase of 1,424 acre-feet or 4.5 per cent over the 1985 diversion of 31,405 acre-feet. The similar diversion volume reflects the normal spring runoff, which occurred in both 1985 and 1986.

The major use of surface water is in the development of individual irrigation projects. During 1986 a total of 17,555 acres were supplied with irrigation water, an increase of 169 acres. It is anticipated that the current rate of development will be maintained during 1987.

Diversions for the Department of Parks and Renewable Resources were made for recreation purposes and in the service of six waterfowl breeding projects.

The volume of water originating from Lake Diefenbaker and diverted into the Saskatoon-Southeast Water Supply was relatively normal at 22,795 acre-feet. This diversion accounts for 36.8 per cent of the volume of water pumped at the East Side Pumpstation, which serves the South Saskatchewan River Irrigation District as well as the Saskatoon-Southeast Water Supply System.

Pipeline Diversions

		MILLIONS OF GALLONS SUPPLIED			
				INCREASE	(DECREASE)
SYSTEM	COMPONENT	1986	1985	AMOUNT	PER CENT
Saskatoon-Southeast	Industrial	565.1	567.0	(1.9)	(0.3)
	Municipal	97.1	94.1	3.0	3.2
	Other	10.5	5.9	4.6	78.0
SYSTEM TOTALS		672.7	667.0	5.7	0.9
Saskatoon West	Industrial	348.0	348.8	(0.8)	(0.2)
	Municipal	10.2	11.2	(1.0)	(8.9)
	Other	20.1	18.2	1.9	10.4
SYSTEM TOTALS		378.3	378.2	0.1	0.0
Saskatoon Treated	Industrial	168.6	150.2	18.4	12.3
	Municipal	186.4	166.6	19.8	11.9
	Other	15.7	16.5	(0.8)	(4.8)
SYSTEM TOTALS		370.7	333.3	37.4	11.2
Buffalo Pound	Industrial	—	—	—	—
	Municipal	0.6	—	0.6	—
	Other	0.7	—	0.7	—
SYSTEM TOTALS		1.3	—	1.3	—
ALL SYSTEMS	Industrial	1,081.7	1,066.0	15.7	1.5
	Municipal	294.3	271.9	22.4	8.2
	Other	47.0	40.6	6.4	15.8
TOTAL ALL SYSTEMS		1,423.0	1,378.5	44.5	3.2

Surface Water Diversions

SURFACE WATER CUSTOMERS	ACRE-FEET SUPPLIED 1986	1985	INCREASE (DECREASE) AMOUNT	PER CENT
Department of Agriculture				
• Irrigation Projects	25,109	24,855	254	1.0
Department of Parks and Renewable Resources				
• Recreation	6,100	4,800	1,300	27.1
• Waterfowl Breeding Projects	1,620	1,750	(130)	(7.4)
TOTAL	32,829	31,405	1,424	4.5

Construction Program

A major capital construction program in the order of one million dollars was carried out during 1986 involving three major projects.

The largest project was the undertaking of Phase IV of the upgrading program for the Saskatoon North Treated Water Pipeline System, which involved the installation of approximately two miles of 500 mm steel pipeline. The work completed will improve service to the communities of Warman, Osler, Dalmeny and Martensville during peak demand periods. Completion of Phase V, to be undertaken during 1987, will meet diversion requirements for the communities served until approximately 1992.

Upgrading of the Saskatoon West Treated Pipeline System was continued during 1986 and consisted of the replacement of 0.4 miles of cast iron pipeline with 250 mm Class 100 PVC pipe. This work was initiated due to extreme deterioration of the cast iron pipeline due to corrosion.

During 1985 an agreement was reached with the Cities of Regina and Moose Jaw to obtain treated water from the Buffalo Pound Water Treatment Plant to serve the communities of Tuxford and Marquis. With receipt of this agreement construction began in late fall 1985 on approximately sixteen and one-half miles of 150 mm PVC pipeline and associated pumping facilities within the Buffalo Pound Treatment Plant. Construction was substantially completed and placed into service September, 1986.

Water delivery to the Village of Marquis was initiated in September. The Village of Tuxford is completing construction of a water storage reservoir and village distribution system and it is expected that service will be initiated to the village in early 1987.

In addition to the major projects indicated above, other capital works undertaken included the purchase of land adjacent to canal works and expenditures to complete the 1985 construction program on the Saskatoon North and East Treated Water Systems.

The four supply systems in service consist of 85 miles of canal, five storage reservoirs and 165 miles of pipeline. The works currently serve 15 industrial, 17 municipal and 180 domestic connections.

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Saskatchewan Water Corporation as at December 31, 1986 and the statements of operations and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Saskatchewan Water Corporation as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
February 20, 1987

W.G. Lutz, F.C.A.,
Provincial Auditor.

SASKATCHEWAN WATER CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 1986

	1986	1985
	(Thousands of Dollars)	
ASSETS		
CURRENT		
Short-term investments — at cost	$ 9,977	$12,962
Accounts receivable	5,175	3,029
Prepaid expenses and supplies	351	245
	15,503	16,236
PROPERTY, PLANT AND EQUIPMENT (notes 3 and 4)	18,684	15,386
	$34,187	$31,622
LIABILITIES AND PROVINCE'S EQUITY		
CURRENT		
Bank indebtedness	$ 624	$ 3,577
Notes payable (note 5)	3,500	1,000
Accounts payable and accrued liabilities	6,537	4,486
Deferred grants (note 6)	7,720	8,430
Current portion of long-term debt (note 8)	18	—
	18,399	17,493
DEFERRED REVENUE (note 7)	4,288	2,547
LONG-TERM DEBT (note 8)	4,694	6,275
	27,381	26,315
PROVINCE'S EQUITY		
Advance from Crown Investments Corporation of Saskatchewan (note 9)	700	700
Contributed surplus (note 3)	870	870
Retained earnings	5,236	3,737
	6,806	5,307
	$34,187	$31,622

See accompanying notes

SASKATCHEWAN WATER CORPORATION

STATEMENT OF OPERATIONS AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1986

	1986	1985
	(Thousands of Dollars)	
REVENUE		
Grants from the Province of Saskatchewan (notes 6 and 7)	$25,691	$22,067
Water (note 10)	4,679	3,990
Interest (note 11)	978	862
Other	417	385
	31,765	27,304
EXPENSES		
Grants (note 12)	18,388	13,916
Operations	11,176	11,508
Depreciation	702	617
	30,266	26,041
NET EARNINGS	1,499	1,263
RETAINED EARNINGS, BEGINNING OF YEAR	3,737	2,474
RETAINED EARNINGS, END OF YEAR	$ 5,236	$ 3,737

See accompanying notes

SASKATCHEWAN WATER CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1986

	1986	1985
	(Thousands of Dollars)	
CASH PROVIDED BY (USED IN)		
Operating activities		
Net earnings	$ 1,499	$ 1,263
Charges and credits not affecting cash		
Amortization	(405)	(166)
Depreciation	702	617
Sinking fund earnings	(1,563)	(1,378)
Other	(9)	(35)
	224	301
Deferred revenue (note 7)	2,146	1,567
Increase (Decrease) in deferred grants	(709)	5,342
Other working capital changes	(202)	575
	1,459	7,785
Investment activities		
Capital expenditures	(3,991)	(3,238)
Financing activities		
Proceeds from note payable	2,500	1,000
INCREASE (DECREASE) IN CASH POSITION	(32)	5,547
CASH POSITION, BEGINNING OF YEAR	9,385	3,838
CASH POSITION, END OF YEAR	$ 9,353	$ 9,385
Consists of:		
Bank indebtedness	$ 624	$ 3,577
Short-term investments	9,977	12,962
	$ 9,353	$ 9,385

See accompanying notes

SASKATCHEWAN WATER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

1. STATUS OF THE CORPORATION

The Saskatchewan Water Corporation was established on July 1, 1984, under the authority of **The Water Corporation Act.**

In accordance with the provisions of the Act, the corporation's general powers and purposes are to manage all water resources, to control, develop and administer the use of all water resources in the Province of Saskatchewan in an economic and efficient manner, and to own and operate water-related works. In addition, the corporation may provide financial assistance to various persons, communities and organizations to carry out its general powers and purposes.

The financial results of the corporation are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan.

2. SIGNIFICANT ACCOUNTING POLICIES

Property, Plant and Equipment

Assets transferred to the corporation from the Government of Saskatchewan were recorded at values identified in note 3. Other assets acquired by the corporation are recorded at cost. When assets are sold or retired, the related recorded cost and accumulated depreciation are removed from the accounts and the gain or loss is reflected in income for the year. Where grants or contributions are received for the purchase of fixed assets, amounts are credited to Deferred Revenue and amortized as described below.

Depreciation

Depreciation is calculated at the following annual rates designed to amortize the recorded cost over the estimated useful lives of the assets. Included with buildings is a 20-year prepaid lease on office space. The prepayment is amortized over the term of the lease.

Buildings — straight line — 2½% to 5%
Water facilities — straight line — 2% to 10%
Maintenance and office equipment — diminishing balance or straight line, as appropriate — 10% to 30%

Capitalization of Expenses

(i) Interest Expense

Interest on loans for construction projects is capitalized during the construction period at the average annual rate of borrowing.

(ii) Internal Services

Internally provided engineering and land services are capitalized at a rate of ten per cent of the total of direct project construction costs provided that such costs for an individual project are less than $1,000,000. The object of this policy is to recognize the approximate value of design, supervision and administration services rendered by corporation employees on construction projects.

For projects with estimated total direct construction costs of greater than $1,000,000, the actual costs of internally provided engineering and land services are accumulated and capitalized.

Amortization of Deferred Revenue

Deferred Revenue includes grants received from the Province of Saskatchewan for the purpose of acquiring fixed assets and revenue prepayments which are required in some cases from customers at the commencement of supply. Grants are amortized into revenue over the useful lives of the assets and revenue prepayments are amortized into revenue at 5% per annum straight line. Amortization credited to revenue in 1986 amounted to $404,500 (1985 - $166,600).

Grants from the Province of Saskatchewan

Under the authority of Section 21 of **The Water Corporation Act**, the corporation receives grants out of monies appropriated by the legislature for the purposes identified in that section from the Consolidated Fund of the Province.

Grants received for the payment of administration costs are recorded as revenue to the extent that administration costs of non-utility operations exceed revenue relating to this segment of the corporation's activities. Grants received for the purpose of paying program grants are recorded as revenue to the extent that the related program expenditures are recorded as an expense.

Grants received but not credited to revenue are recorded as deferred grants.

Grants

Grants for a variety of programs are recorded as an expense if the final approval for the grant payment was made during the year. Where the corporation enters into contractual arrangements for project construction under various assistance programs, expenditures are accounted for on an accrual basis.

Segmented Information

Revenues and expenses directly attributable to each segment of the corporation's activities are reflected in the results of operation of each segment together with an allocation of general administrative expenses on the basis of the number of employees directly employed by each segment.

3. TRANSFER OF ASSETS

Under the authority of subsections 75(1) and 76(3) of **The Water Corporation Act**, all assets, liabilities, obligations and the retained earnings of $1,949,000 of the Saskatchewan Water Supply Board which existed on June 30, 1984, were transferred to the newly created corporation. These assets, which were vested in the corporation on July 1, 1984, were recorded at the June 30, 1984 audited book values of the Saskatchewan Water Supply Board.

Under the authority of subsection 75(1) of **The Water Corporation Act**, The Water Corporation Transfer of Assets Regulations were established to transfer to the corporation property and assets of the Departments of Agriculture, Environment and Urban Affairs. These assets were recorded by the corporation at their estimated net realizable value with a corresponding credit of $870,000 to contributed surplus.

SASKATCHEWAN WATER CORPORATION

4. PROPERTY, PLANT AND EQUIPMENT

	1986			1985
	Recorded Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	(Thousands of Dollars)			
Land	$ 1,549	$ —	$ 1,549	$ 1,412
Buildings	1,243	214	1,029	546
Water facilities	15,339	5,485	9,854	9,698
Maintenance equipment	1,063	539	524	606
Office equipment	1,114	286	828	667
Assets under construction	4,900	—	4,900	2,457
	$25,208	$ 6,524	$18,684	$15,386

5. NOTES PAYABLE

	Year Ended December 31,	
	1986	1985
	(Thousands of Dollars)	
Crown Investments Corporation of Saskatchewan (floating rate of interest based on Royal Bank of Canada prime rate) due on March 31, 1987	$ 1,000	$ 1,000
Province of Saskatchewan (non-interest bearing) due on March 31, 1987	2,500	—
	$ 3,500	$ 1,000

Subsequent to year end, the Board of Directors approved the conversion of the short-term note payable to Crown Investments Corporation to long-term debt, subject to approval of the Lieutenant Governor in Council.

6. DEFERRED GRANTS

	Balance December 31, 1985	Received From Consolidated Fund of the Province	Recorded As Grant Revenue	Balance December 31, 1986
		(Thousands of Dollars)		
Administration	$ 6,117	$11,865	$ 7,003	$10,979
Irrigation Development	988	3,179	4,835	(668)
Flood Control and Drainage	(473)	3,547	4,139	(1,065)
Municipal Water and Sewage	1,694	4,595	7,540	(1,251)
Canada-Saskatchewan Agreement on Qu'Appelle River Conveyance	104	824	1,008	(80)
Drought (wells)	—	671	866	(195)
	$ 8,430	$24,681	$25,391	$ 7,720

SASKATCHEWAN WATER CORPORATION

7. DEFERRED REVENUE

	Balance December 31, 1985	Grants and Contributions	Recorded as Revenue	Balance December 31, 1986
		(Thousands of Dollars)		
Administration	$ 740	$ 932	$ 242	$ 1,430
Irrigation Development	—	621	3	618
Canada-Saskatchewan Agreement on Qu'Appelle River Conveyance	93	46	55	84
Received from Consolidated Fund of the Province	833	1,599	300	2,132
Capital Contributions to Utility	1,714	547	105	2,156
	$ 2,547	$ 2,146	$ 405	$ 4,288

8. LONG-TERM DEBT

Year Received	Year Payable	Interest Rates	Debt Recorded	Equity in Sinking Funds	Net Long-Term Debt
			(Thousands of Dollars)		
1967	1987	5.945%	$ 5,932	$ 5,914	$ 18
1968	1988	6.585%	6,133	5,749	384
1969	1989	7.485%	1,124	889	235
1971	1991	6.930%	657	354	303
1977	1997	8.880%	1,030	158	872
1980	2000	12.000%	900	—	900
1983	1988	10.750%	2,000	—	2,000
			17,776	13,064	4,712
Less amount due within one year			5,932	5,914	18
			$11,844	$ 7,150	$ 4,694

All loans, with the exception of the loans received in 1980 and 1983 from Crown Investments Corporation of Saskatchewan, are payable to the Consolidated Fund of the Province. Repayment terms for those loans are established by the Government of Saskatchewan. In 1983 it was determined that, in total, the sinking funds had sufficient equity to retire all debt payable to the Consolidated Fund at maturity and, therefore, under the authority of Order-in-Council number 1616/83, no further sinking fund installments were required. All loans received in 1967, 1968, 1969, 1971 and 1977 are subject to repayment upon six months notice.

Equity in the sinking funds is represented by the accumulated amount of sinking fund installments made to December 31, 1986, together with the accumulated earnings on the investments included in each fund. The sinking funds are managed by the Investment and Financial Services Division of the Department of Finance.

9. ADVANCE FROM CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

The advance is non-interest bearing and is repayable at the discretion of Crown Investments Corporation of Saskatchewan.

10. WATER POWER ACT REVENUE

Section 22 of **The Water Corporation Act** requires the corporation to transfer to the Consolidated Fund of the Province of Saskatchewan that portion of revenues collected pursuant to **The Water Power Act** as is specified by Lieutenant Governor in Council. During 1986, the corporation collected $1,608,400 (1985 - $825,000) pursuant to **The Water Power Act**, of which $804,200 (1985 - $412,500) has been recorded as Water Revenue, and the remaining $804,200 (1985 - $412,500) has been estimated and accrued as payable to the Consolidated Fund.

11. INTEREST REVENUE

	Year Ended December 31, 1986	1985
	(Thousands of Dollars)	
Sinking fund earnings	$ 1,563	$ 1,378
Less total interest expense	1,418	1,320
Net interest earnings	$ 145	$ 58

Net interest earnings of $145,000 are included in interest revenue.

12. GRANTS

Included in expenses are grants (or assistance) provided to various persons, communities and organizations to carry out a variety of programs administered by the corporation. In addition, where the conditions of financial assistance for certain programs requires the corporation to provide engineering or technical services, an allocation of salaries to grant expense is made. Particulars of these grants, including salary allocation of $3,605,700 (1985 - $2,363,000), by program, are as follows:

	Year Ended December 31, 1986	1985
	(Thousands of Dollars)	
Irrigation Development	$ 4,835	$ 1,923
Flood Control and Drainage	4,139	3,393
Municipal Water and Sewage	7,540	7,504
Canada-Saskatchewan Agreement on Qu'Appelle River Conveyance	1,008	303
Drought (wells)	866	793
	$18,388	$13,916

13. COMMITMENTS

As at December 31, 1986, the corporation had outstanding commitments of $4,200,000 (1985 - $1,700,000) for construction contracts and consulting agreements primarily relating to grant assistance.

14. LEASES

The corporation has entered into operating lease agreements with the following minimum lease payments:

	(Thousands of Dollars)
1987	$ 908
1988	890
1989	845
1990	806
1991	784
1992 and subsequent	6,296
	$10,529

15. REMUNERATION OF DIRECTORS AND OFFICERS

During 1986, five persons (1985 - three) serving on the board of directors received remuneration amounting to $13,300 (1985 - $10,500). The six senior officers (1985 - four) of the corporation received aggregate remuneration amounting to $388,900 (1985 - $261,300).

16. RELATED PARTY TRANSACTIONS

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the corporation is related. Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms except as described below.

The corporation has entered into an agency agreement with the Souris Basin Development Authority (a provincial crown corporation), whereby the authority will plan, organize, design and construct works on the Souris River and Moose Mountain Creek on behalf of the corporation. Sask Water will fund the authority for the construction costs. The estimated cost of the project is $120,000,000 and Sask Water's share is expected to be $48,000,000. Monies advanced in respect of costs incurred on this agreement in 1986 totalling $1,500,000 (1985 - nil) are included in assets under construction (note 4), reflecting the corporation's intention to recover the costs through future revenues. The nature of such arrangements is subject to the finalization of agreements with other participants in the project.

In connection with the Water Supply Utility, the corporation has entered into contracts with two government departments. The contracts provide that billings be prepared substantially on the basis of a predetermined share of the corporation's fixed capital and operating costs rather than solely on the basis of a unit charge for water consumption. The contracts further state that payments by the departments are subject to appropriation of the necessary funds in each fiscal year. Revenue earned from these contracts in the year totalled $816,000 (1985 - $798,000).

Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

17. COMPARATIVE FIGURES

The 1985 comparative figures have been restated to conform with the changes made during the current period in classifying items in the financial statements.

18. SEGMENTED INFORMATION

Statement of Operations

	Year Ended December 31,					
	1986			1985		
	Water Supply Utility	Other	Total	Water Supply Utility	Other	Total
	(Thousands of Dollars)					
REVENUE						
Grants from Province of Saskatchewan	$ —	$25,691	$25,691	$ —	$22,067	$22,067
Water	3,591	1,088	4,679	3,248	742	3,990
Interest	153	825	978	65	797	862
Other	261	156	417	187	198	385
	4,005	27,760	31,765	3,500	23,804	27,304
EXPENSES						
Grants	—	18,388	18,388	—	13,916	13,916
Operations	2,060	9,116	11,176	1,845	9,663	11,508
Depreciation	446	256	702	392	225	617
	2,506	27,760	30,266	2,237	23,804	26,041
NET EARNINGS	$ 1,499	$ —	$ 1,499	$ 1,263	$ —	$ 1,263